## OLSON, BZDOK & HOWARD

November 5, 2014

Senator Tom Casperson State Capitol Farnum Building, Room 705 125 W. Allegan Lansing, MI 48933

PUBLIC INTEREST LAWYERS

Re: Potential Amendment to HB 4874

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AFFILIATE OFFICE: McKay & McKay, PLLC 55 Sunset Drive PO Box 1070 Frankfort Michigan 49635 231.352,4412 Dear Chairman Casperson and members of the Natural Resources Committee:

I am the attorney for the Grand Traverse County Board of Public Works and I am writing in support of the latest proposed amendment to HB 4874. The amendment allows a municipality who has constructed a septage treatment facility at the cost of more than \$6,000,000 and who still has outstanding bonds or loans to impose "stricter requirements" so that the municipality can ensure a sustainable flow of septage to finance the outstanding debt on the plant.

This amendment to HB 4874 is critical for the residents of Grand Traverse County and Elmwood Township. As you are likely aware, Grand Traverse County built a stand-alone septage treatment facility to service the residents of the county and surrounding area. The plant was originally supported by area haulers as a means to provide for disposal in light of diminishing land available for land application. Unfortunately the plant struggled financially as the volume of septage delivered to the plant was far less than was predicted.

The Board of Public Works evaluated a number of potential alternatives to meet the financing obligations for the plant, and the only alternative with any significant political support was to increase rates and have users pay for the plant. The BPW took that action, and the plant is finally in a position where usage fees are paying the debt obligation. The concern is that HB 4874 would undermine these gains by preventing Grand Traverse County from ensuring waste is treated at the Facility.

The proposed amendment to HB 4874 allows municipalities like Grand Traverse County that have made a substantial investment in septage waste treatment (approximately 7.8 million dollars) to repay their debt obligations with user fees. Without the amendment, on the other hand, those that have invested significant funds in constructing a facility have no way to ensure sufficient revenue to pay back debt obligations used to pay for the plant.

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I note that the amendment is narrowly tailored to address those municipalities that have invested significant resources in treatment facilities. The proposed language would only apply to those who have invested over 6 million dollars and the exception would only last during the time that the debt obligation is being paid off.

This narrow exception allows those that make these significant investments in reliance on the language of Part 117 at the time the facilities were built to appropriately fund those facilities with user fees rather than by general funds or increases in taxes. Once the debt obligation on those facilities expires, so would the exception embodied in the amendment.

On behalf of Grand Traverse County and Elmwood Township, I submit that the proposed amendatory language for HB 4874 is a reasonable compromise that best serves the residents of this state. I urge the Committee to adopt the amendment to HB 4874.

Thank you for your consideration.

Sincerely,

Scott W. Howard scott@envlaw.com